

GLOBAL MINING HOUSES ON 'GOLD RUSH' TO INDIA

Amit Mitra, Hindu Businessline, Bangalore, 25 Sep. 2004

GLOBAL gold mining houses are increasingly looking at India as an attractive prospect for gold exploration and mining, especially in the Deccan region.

The 'gold rush' by international mining companies is likely to quicken after Deccan Gold Mines Ltd (DGML), which has been active in exploration in Karnataka and Andhra Pradesh, sews up a joint venture agreement with a leading gold mining company in the next three to six months.

"We have been approached by four international gold mining houses to enter into joint venture to fast track development of some of our projects and take up new exploration projects. These companies are willing to make substantial investments in India. We will finalise a joint venture agreement with one of these companies in three to six months for taking up a new exploration project - typically a new project needs an investment of \$5 million," according to Mr Sandeep Lakhwara, Managing Director of the company.

Even investment bankers in the UK and Canada are also following gold exploration projects in India. "We have approached investment bankers in the UK and Canada and the response has been very encouraging," he said.

Although India continued to be the world's largest consumer of gold, with the demand touching 800 tonnes a year, almost a quarter of the total world gold demand, gold production has been on a low key. This is despite India having significant potential, as there is a close geological and metallogenic similarity between India and the gold producing nations of Australia and Africa.

The Republic of South Africa, followed by Australia and the US, were the world's leading gold producers, contributing 17.3 per cent, 10.6 per cent and 10.2 per cent respectively to the world production in 2003. The Indian geological literature refers to hundreds of localities with known gold mineralisation, often marked by gold workings - these localities mostly occur in the Southern Indian Dharwar Craton in Karnataka, Andhra Pradesh and Tamil Nadu.

Until recently, the greenstone belts of Dharwar Craton in Karnataka supported the country's only two major gold mines at Kolar and Hutti.

While the Kolar mine is now out of operation after producing 800 tonnes of gold from 50 million tonnes of ore, the Hutti mine has produced 100 tonnes from its underground operations since 1898.

"The Kolar and Hutti gold ore bodies combined were approximately equal in size to the mineralised system known as Golden Mile at Kalgoorlie in western Australia. India has yet to see certain innovations in prospecting for low-grade gold ore. Further, there has been a kind of tunnel vision evident in the reports of most Indian gold exploration programmes. Diamond drill cores are usually selectively sampled only for visible quartz veins, ignoring alternation haloes in wall rock, which could host low grade but economic concentrations of gold," Mr Sandeep pointed out.

DGML's exploration activities during the last one year has thrown up interesting possibilities for gold mining.

"We have collected both rock samples and stream sediments and analysed them, before going in for ground geo-physical studies, digital elevation and drilling up to 300 metres.

"Within the next 12 to 14 months we expect to complete the feasibility studies for some of the 12 potential blocks we have identified," he said.

The company has recently built the country's first reverse circulation rig, suitable for gold drilling operations - the advantage in this rig is that it can preserve the sample as desired.